

~~SECRET~~Please return to
DIR, 2214 M Bldg.
39262

(B)

CENTRAL INTELLIGENCE AGENCY

VULNERABILITY TO SABOTAGE OF
PETROLEUM INSTALLATIONS IN
VENEZUELA, ARUBA, AND CURACAOThis document has been
approved for release through
the HISTORICAL REVIEW PROGRAM of
the Central Intelligence Agency.Date 21 Jul 92

ORE 31-48

HRP 92-7

Document No. 001
 NO CHANGE in Class. ☐
~~DECLASSIFIED~~
 Class. CHANGED TO: TS S C
 BDA Memo, Apr 77
 Auth: BDA REG. 77/2763
 Date: 12/1/78 By: 023

Published on

14 MAY 1948

COPY NO. 79

FOR THE ASSISTANT DIRECTOR
FOR REPORTS AND ESTIMATES~~SECRET~~

DISSEMINATION NOTICE

1. This copy of this publication is for the information and use of the recipient designated on the front cover and of individuals under the jurisdiction of the recipient's office who require the information for the performance of their official duties. Further dissemination elsewhere in the department to other offices which require the information for the performance of official duties may be authorized by the following:

- a. Special Assistant to the Secretary of State for Research and Intelligence, for the Department of State
- b. Director of Intelligence, GS, USA, for the Department of the Army
- c. Chief, Naval Intelligence, for the Department of the Navy
- d. Director of Intelligence, USAF, for the Department of the Air Force
- e. Director of Security and Intelligence, AEC, for the Atomic Energy Commission
- f. Deputy Director for Intelligence, Joint Staff, for the Joint Staff
- g. Assistant Director for Collection and Dissemination, CIA, for any other Department or Agency

2. This copy may be either retained or destroyed by burning in accordance with applicable security regulations, or returned to the Central Intelligence Agency by arrangement with the Office of Collection and Dissemination, CIA.

WARNING

This document contains information affecting the national defense of the United States within the meaning of the Espionage Act, 50 U.S.C., 31 and 32, as amended. Its transmission or the revelation of its contents in any manner to an unauthorized person is prohibited by law.

ORE 31-48

~~SECRET~~

VULNERABILITY TO SABOTAGE OF PETROLEUM INSTALLATIONS IN VENEZUELA, ARUBA, AND CURACAO

SUMMARY

Oil wells in Venezuela and refineries on the adjacent Netherlands West Indies islands of Aruba and Curaçao offer one of the most remunerative targets for industrial sabotage of the Western Hemisphere. Venezuela in 1947 produced 80 percent of all Western Hemisphere oil excluding the US, and 60 percent of Venezuelan production was refined at Aruba and Curaçao. Political conditions are generally favorable in both areas, but both areas have particular points of vulnerability to sabotage, especially by trained agents. By crippling either production or refining in these areas, or by impairing the utility of the specialized tanker fleet which transports the oil from the wells to the refineries, such agents could seriously affect US capacity either to prepare for or to wage war. Protection against such sabotage would require precautions (cooperatively taken by the companies concerned, the local governments, and the US government) at least as comprehensive as those taken under the emergency status of 1941-1945.

Note: The information in this report is as of 23 April 1948.

The intelligence organizations of the Departments of State, Army, Navy, and the Air Force have concurred in this report.

~~SECRET~~

VULNERABILITY TO SABOTAGE OF PETROLEUM INSTALLATIONS IN VENEZUELA, ARUBA, AND CURACAO

In 1947 Venezuelan crude oil production averaged 1,191,000 barrels per day. While this is equivalent to only slightly more than one-fifth of the US production, it is about 80 percent of all Western Hemisphere production outside of the US. Two-thirds of available Venezuelan exported crude oil is refined on the adjacent Netherlands West Indies islands of Aruba and Curaçao. (Venezuelan refining capacity is only 116,000 barrels per day.)

Local political situations both in Venezuela and the Dutch islands are, in general, favorable for the continuance of operations, but both production in Venezuela and refining on the islands are vulnerable to sabotage by trained agents. Together or separately these installations constitute one of the most remunerative targets in the Western Hemisphere. If the fields are shut down, the refineries are of little value, as there is no alternative comparable source of crude. There is at present no additional refining capacity that could be used in place of the refineries on Aruba and Curaçao. Furthermore, tankers now used to transport crude from Lake Maracaibo to the refineries cannot make ocean voyages, nor can ocean-going tankers cross the bar into Lake Maracaibo. Crippling of these wells or refineries would be a serious blow to US capacity either to prepare for or to wage war.

The USSR presumably has plans against this area, and it is possible that preliminary steps have already been taken to put these plans into effect.

VENEZUELA*

Recent political developments in Venezuela are in general favorable to the US, and the denial to the US of petroleum is unlikely to become a government policy. Communist control of labor is decreasing rather than increasing. There are several points, however, in which the producing fields are peculiarly vulnerable to sabotage. There has been, furthermore, ample opportunity for trained saboteurs to enter the country, and they may be assumed to have done so.

Both the Betancourt regime in its last months and the present Gallegos administration have shown increasing concern over the potentialities of the Soviet threat, and, as a result, Venezuelan policy has moved more and more into the orbit of the US. The recent history of the government party, *Acción Democrática*, justifies the conclusion that earlier acceptance of support of the Communists (at the time of the revolution in 1945) was a marriage of convenience only. It is expected that the Venezuelan government will continue to support US petroleum policy by employing all

* The situations as to Venezuela and as to Aruba and Curaçao are discussed separately in the following paragraphs. As other Western Hemisphere installations—Mexico, Colombia, Peru—are of minor present importance compared with Venezuela and Aruba and Curaçao, they are not included. Dangers of enemy direct action—considerable particularly against Aruba and Curaçao from submarines approaching close to bombard—are likewise beyond the scope of this paper.

~~SECRET~~

~~SECRET~~

the means at its disposal — however scant these may be — to protect installations and insure continued production. It is true also that petroleum is the source of one-third or more of the Venezuelan government's revenue. How readily the Venezuelans would accept additional assistance from the US, such as receiving a special security mission, would depend on (a) their estimate of the immediate danger, and (b) whether the project could be presented to them as a logical extension of Venezuelan policy in regard to the military and naval missions they have already received.

There can be no doubt that *Acción Democrática's* antipathy to Communists is increasing, and that the party appears determined to remove the Communists from the labor field in general and from the petroleum industry in particular. Thoroughly reliable figures are unavailable, but a report dated 18 February 1948 states that there are 35 to 45 thousand persons employed in the petroleum industry, of whom 5,000 are believed to be Communists. In December 1946 the corresponding number was estimated to be 12,000. In 1947, when the national labor confederation (*Confederación de Trabajadores Venezolanos*) was formed, *Acción Democrática* prevented the election of any Communists to office. Early in 1948, the 15 Communist members of the board of directors of the national federation of petroleum workers (*Fedepetrol*), which is the most important federation in the national confederation, were expelled. The fact that capabilities of local Communists are limited, however, does not guarantee against any labor disturbances, since strikes for wages could get out of hand and result in considerable reduction of output, even if there were no deliberate intention to sabotage. Strikes of other unions in allied industries furthermore (transportation for example) from which Communist control may not yet have been eliminated could have similar adverse effects. It is estimated, however, that these possibilities are of minor importance compared with the danger of sabotage by expert agents already in Venezuela or later introduced from outside.

Recent oil-company estimates as to likelihood of sabotage differ, but enemy capabilities are at least as great as they were during World War II, when much more than existing protection was considered necessary. Most vulnerable are the pumping stations, each of which could be destroyed by a single explosive charge and would then require about 18 months for replacement; and the Los Maroches power station in the Lake Maracaibo district. In addition, the fields are peculiarly vulnerable in that two-thirds of Venezuelan production is from Lake Maracaibo, where the rupture and firing of a single well could produce a conflagration almost impossible to extinguish and destructive of the production of the entire area. At present, key installations cannot be considered adequately protected, even though plans for national guard or army posts near danger spots are being considered, and studies made in 1942-43 are available as a basis for additional precautions. The companies hope that the Venezuelan government will take the initiative in requiring employee-identification badges, a step which the companies are reluctant to take for fear of stirring up labor difficulties. It is estimated that adequate and immediate protection in case of emergency does not, because of lack of proper training, lie within the capabilities of the Venezuelan police or armed forces.

~~SECRET~~

~~SECRET~~

Several indications suggest that the USSR and the Soviet Embassy may be planning for future sabotage operations. The Ambassador himself (accredited since late 1946) is a petroleum geologist, and he has a staff sufficient to direct any agents that may have slipped in. [REDACTED]

STAT

STAT

[REDACTED] Immigration from Russia and satellite countries has greatly increased. STAT

the records show no Slavic migrants prior to 1946, 109 in 1946, and 2,915 (including non-Slavs from satellite countries) in 1947. While every effort — with the Venezuelan government cooperating in every respect — has been made to screen these people, it is quite possible that well trained agents may have been included among the almost 3,000 migrants.

In spite, therefore, of a generally favorable situation in governmental orientation and in labor, it must be assumed that expert saboteurs are in Venezuela at present, and that they have the capabilities, failing a much more comprehensive protective program in which US assistance would almost certainly be necessary, of seriously reducing Venezuelan oil production. It is probable that this group could also carry out, or at least assist with, similar activities in Aruba and Curaçao.

ARUBA AND CURACAO

About 60 percent of the total Venezuelan production of crude oil is refined on Curaçao and Aruba, where two of the largest oil refineries in the world are located.* The production of these refineries amounts to about eight percent of the world total or the approximate equivalent of the oil allotments to the Marshall-plan countries. As a consequence these refineries are a primary enemy strategic Western Hemisphere target, especially since their destruction would not only create an immediate shortage of refined petroleum products but would also nullify the utility of a large percentage of Venezuelan crude, since neither the tankers nor refinery capacity would be available to transport and process this oil elsewhere.

In the event of either (1) further deterioration in the relations between the US and the USSR, or (2) a decision by either the US or the USSR to begin hostile operations against one another or against powers allied to one another by ties of friendship or treaty, intensive efforts to sabotage these refineries by the USSR are to be expected.

Because of highly favorable working conditions, the friendly attitude of the native population toward the US, and the absence of Communist-directed labor organizations, the possibility of subversive action arising from local Communist penetration of labor is unlikely. The Netherlands Colonial Government has cooperated with the oil companies in refusing admission to known Communists and labor agitators. On two recent occasions it has deported those who succeeded in gaining admittance. (Con-

* In 1947 Venezuelan crude production was 434 million barrels; 36 million were refined in Venezuela, and 396 million were exported. Of the exported crude, 260 million went to Aruba and Curaçao, 93 million to the US, 11 million to France, and smaller quantities to various other countries. More than 95 percent of the crude received at Aruba and Curaçao is from Venezuela; the balance is from Colombia.

~~SECRET~~

~~SECRET~~

templated changes in the political status of Curaçao and Aruba might temporarily affect the ability of the US to safeguard the security of the refineries. However, problems arising from such a change could rapidly be solved in a manner satisfactory to US strategic interests.) The oil companies themselves exert a firm control over labor and have encouraged the growth of employees' advisory committees as a device to combat the rise of labor unions. On Curaçao, such unions as exist are sponsored by the Roman Catholic Church and concern themselves primarily with welfare problems. On Aruba, the labor union is primarily the personal creation of a single individual, Henny Eman, and is designed to maintain his political power. There has been no notable labor unrest on either island since 1943.

In the absence of Communist penetration of labor organizations, Soviet sabotage activities will therefore be confined to direct operations against the refinery installations themselves by trained Soviet operatives. These agents will, it is estimated, enter the colony in the guise of either migrant laborers or commercial travelers from Venezuela and/or other Caribbean areas (Soviet agents are reported to have been among recent DP arrivals in Venezuela), or directly from Soviet submersible craft ordered to the area for the purpose of transporting operatives to their targets.

Present security measures for protecting the refineries from direct sabotage by Soviet agents are inadequate. Although employees wear number-picture badges, there is no patrol of property lines or fences. Intelligence coordination between the Colonial Government and company management on the one hand and Western-power intelligence services on the other are not adequate to prevent the inadvertent hiring of sabotage experts. The US does not maintain security personnel on the islands. The Colonial Government merely pursues a policy of denying entrance to Curaçao and Aruba of all known Communist agitators as distinguished from specially trained saboteurs. In case of emergency, there are not sufficient Dutch troops on the islands to afford adequate protection either to the refineries or to harbor installations, which are particularly sensitive to sabotage because of the geographic configuration and hydrographic condition.

Favorable factors for the protection of the refineries from sabotage are the maintenance of effective fire-fighting organizations and equipment, the presence of guards throughout the refineries and at plant entrances, plans for the establishment of machine-gun posts at strategic points, antisabotage and defense experience gained during World War II, and the friendly disposition of the Netherlands Colonial authorities toward whatever security precautions the US may elect to take.

Despite these favorable factors, however, and in the absence of additional precautions on the part of (1) the Netherlands Colonial Government, (2) the refineries themselves, and (3) the US government, it is estimated that Soviet sabotage on Curaçao and Aruba would succeed in material reduction of the productive capacities of the refineries.

~~SECRET~~

DISTRIBUTION

The President
Secretary of State
Chief of Staff to Commander in Chief
Secretary of Defense
Secretary of the Army
Secretary of the Navy
Secretary of the Air Force
Executive Secretary, National Security Council
Chairman, National Security Resources Board
Chief of Staff, US Army
Chief of Naval Operations
Chief of Staff, US Air Force
Director of Plans and Operations, General Staff, US Army
Deputy Chief of Naval Operations (Operations)
Director of Plans and Operations, US Air Force
Special Assistant to the Secretary of State, Research and Intelligence
Director of Intelligence, General Staff, US Army
Chief of Naval Intelligence
Director of Intelligence, US Air Force
Secretary, Joint Chiefs of Staff
Secretary, Joint Intelligence Group
Secretary, State-Army-Navy-Air Force Coordinating Committee
Executive Secretary, Military Liaison Committee to the Atomic Energy Commission
Director of Security and Intelligence, Atomic Energy Commission
Chief, Acquisition and Distribution, OICD, Department of State

~~SECRET~~